

WHAT EVERY FOREIGN BUYER / INVESTOR SHOULD KNOW BEFORE REACHING THE CLOSING TABLE

By Nalini Singh, Esq.

nalini716@gmail.com

Foreign investors are one of the driving forces of the United States real estate markets, and South Florida is still one of the most attractive destinations. Yet even the most well-planned deals can be undone by the pitfalls, complexities, and potential dangers that accompany the best of opportunities. This article, drawn from years of experience in overseeing title operations and closing logistics, is a guide to assist foreign purchasers in finding and solving typical problems prior to closing to ensure a smoother and more successful transaction.

Know Your Source of Funds and Documentation Early

Among the most prevalent problems for foreign buyers is coordinating the paperwork and time required by the money used to purchase property. American regulators, banks, and title companies are increasingly targeting money-laundering risks, ownership disclosure, and compliance obligations. As an example, real property was named as a high-risk category for use of shell companies and complex cross-border money flows in a recent study by the Financial Crimes Enforcement Network (FinCEN).

Tips:

- Before signing any contract, know exactly: (1) how the purchase funds are being used, and (2) how they will be transferred, including which account, whose name, and through which bank or currency exchange.
- If purchasing through a corporation, foreign or U.S., have the owners or authorized members/managers clearly designated in the company's corporate documents.
- As soon as possible, cooperate with your title or escrow company in generating documents of the flow and origin of funds. This lowers the risk of delay due to AML (Anti Money Laundering) and KYC (Know your customer) audits, which are U.S. regulations requiring financial institutions to verify the identity of buyers and ensure funds are legitimate.

Delays in preparing this documentation can lead to escrow holdbacks or, in some cases, even give the seller grounds to cancel. Early preparation can easily prevent these outcomes.

Structure the Entity and Ownership Form Strategically

Due to tax or estate planning considerations, a majority of foreign purchasers elect to purchase U.S. real property in an offshore structure or foreign corporation. An entity purchase may, however, present additional difficulties in the U.S. real estate market, such as title insurance issues, 1031 exchange restrictions, funding issues, transfer taxes concerns, and a more stringent review of facts of ownership.

Things to consider:

- Do you buy in your own name, a U.S. LLC, or a foreign company? A U.S. LLC is usually more convenient in terms of financing, title insurance, and tax reporting.
- Will you need a U.S. mortgage? Most lenders will not lend on purchases in a foreign entity and will request a larger down payment or pay higher interest.
- Is it for personal or investment use? Your intended use generally determines the best form of ownership.
- Check local recording and transfer tax policies. Some jurisdictions charge higher fees or require more documentation of property owned by foreign interests.

In practice, it's advisable to structure your ownership arrangement ahead of signing a contract, and definitely prior to closing, with the assistance of a professional who understands both foreign-investor requirements and U.S. title and closing practices.

Closing Logistics: Timing, Escrow, Wire Instructions, and Remote Participation

Closing day, and the days leading up to it, often create stress when foreign buyers are out of the country or operating in different time zones. You can avoid scheduling surprises and ensure smooth coordination by following these closing best practices.

Best Practices

- **Wire instructions verification:** Confirm the title company's wire instructions well in advance (at least 3 business days) and always verify by phone, as there are increasing instances of wire fraud in real estate closings.
- **Escrow timeline and cut-off times:** Understand the cut-off for funds deposit, and whether the title company needs a same-day wire. Arrange time zone friendly instructions if you're overseas.
- **Remote signing / power of attorney:** If you cannot appear in the U.S., determine whether your state and closing agent accept a remote online notary. If you plan on using a Power of Attorney, confirm with the title company whether they will accept the one you have, and ensure that it is acceptable to their underwriter.
- **Transfer of title and recording:** On closing day, ensure that the deed (or other title transfer document) has all the correct information, names are spelled consistently, and you have confirmed how the recorded deed will be delivered or accessible.
- **Signing authority:** If purchasing in an entity, ensure the title company has the necessary documents needed as proof to show who has signing authority for closing documents.

- **Insurance and keys:** Confirm that hazard insurance binding occurs at or before closing, that closing funds cover insurance premium, and that transfer of occupancy or rental is aligned with closing.

Missing any of these logistics, even if the contract and title work are perfect, can delay closing and add unnecessary risks and costs.

Common Pitfalls and How to Avoid Them

Drawing on years of experience, I've come across several challenging situations. Below are some to be aware of and strategies to prevent them:

- **Pitfall: last-minute wire delays.** A foreign currency conversion or intermediary bank delay results in funds arriving after cut-off. This could require a closing extension or losing rate locks.

Avoid by initiating funds early, confirming wire instructions, and factoring in weekends/time zones.

- **Pitfall: rejection/exclusions because of corporate structure.** When foreign entity ownership results in underwriting rejection or exclusions, the title insurer denies coverage because of entity structure, even when the seller or lender needs title protection.

Avoid this by consulting your escrow or title attorney as soon as possible to ensure the structure and insurance acceptability.

- **Pitfall: name spelling or vesting discrepancies.** A small name change between the contract and the deed results in a delay in recording or a problem with title insurance.

Avoid this by reviewing closing papers carefully and checking spelling and entity naming early.

Conclusion

A smooth closing for foreign investors involves much more than signing documents and wiring funds. By addressing these steps early and methodically, investors can minimize risk, avoid costly delays, and fully enjoy the advantages of U.S. property ownership.

ABOUT THE AUTHOR

Nalini Singh, Esq., has practiced real estate law for nearly 20 years. Ms. Singh's real estate expertise was founded on her early legal experience representing banking institutions in foreclosure cases, which included litigation, mediation, and negotiations. She opened her own legal practice and title company in 2015, representing a diverse clientele in closings and business and residential transactions. After successfully operating her law firm and title company for nearly a decade, Ms. Singh transitioned in 2025

2025 FOREIGN INVESTOR GUIDE

Real Estate Transactions & Doing Business in the U.S.



to her current role as Supervising Attorney at Attorneys Key Title, where she continues to serve clients and oversee real estate closings.

Ms. Singh earned her Bachelor of Arts degree from Florida Atlantic University in 2004 and her Juris Doctor from Nova Southeastern University Shepard Broad College of Law in 2007. A South Florida native, she continues to live here with her husband and raise her family of two sons in the community she proudly serves.